

A-327155

**SECRET**

10/11/60  
 IN CASE X  
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 NO. 4  
 REV CLASS. 5



25X1

The Honorable Maurice H. Stans  
 Director  
 Bureau of the Budget  
 Washington 25, D.C.

Dear Mr. Stans:

I refer to your letter of 21 July 1960 concerning the President's request that every effort be made to achieve a reduction of at least three per cent below the employment levels which can be financed from this year's appropriations.

During the past two fiscal years we have reduced our personnel strength by almost three per cent, falling short of this goal by only twenty-eight positions. We will continue these efforts in the hope that we may eventually effect still further reductions. However, at the moment we find it necessary to provide for additional positions in our Fiscal Year 1961 Operating Budget and our Estimates for Fiscal Year 1962 in order to carry out those functions for which we are responsible. It is essential that our personnel strength be expanded in support of operations  In addition, certain new and highly sensitive programs which I have discussed with you personally will require more personnel, and the strength of our Photographic Intelligence Center must be augmented in order to exploit the material available. Our communications activities and Junior Officer Trainee Program must also have moderate increases. These are the principal items which make it impossible for us to commit ourselves to the three per cent reduction requested.

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We shall be glad to discuss the matter in greater detail at any time, and you may be sure that we will comply with the spirit of the President's request by continuing our efforts to improve our efficiency and to reduce our personnel strength on every occasion when such action is not inconsistent with the successful accomplishment of our mission.

Sincerely,

DD/S:LKW:laq  
 Distribution:

- 0 & 1 - Add
- 1 - ER
- 1 - DCI
- 1 - DDCI
- 1 - Acting DD/P
- 1 - DD/I
- 1 - IG
- 2 - COMPT
- 1 - DD/S chrono
- 1 - DD/S subject

Allen W. Dulles  
 Director

CONCUR:

15/  
 L. K. White  
 Deputy Director  
 (Support)

2 Aug 60

**SECRET**

7. 324955

C-O-P-Y

EXECUTIVE OFFICE OF THE PRESIDENT  
Bureau of the Budget  
Washington 25, D. C.

DD/S 60-2837  
ER 60-2678

July 21, 1960

My dear Mr. Dulles:

The President has requested that the executive branch apply increased vigor and determination to its effective drive for improving the efficiency of Government and operating on the most economical basis possible. For fiscal year 1959, our goal was to hold employment levels approximately 2% below those which could have reasonably been financed from the appropriations and funds available; actually, year-end employment was held to 2,355,000, a reduction of 2.2%. For the fiscal year 1960, just closed, it seems probable the reduction in employment from the financed level will be at least as great, with employment at about the same level as the year before.

For the fiscal year 1961, the President has now requested that every effort be made to achieve a reduction of at least 3% below the employment levels which can be financed from this year's appropriations. He desires that our personnel goal be to improve the use of our existing personnel resources, to increase efficiency, to heighten productivity, to improvise, if necessary, rather than accept the easy way of simply increasing manpower.

You are requested to give personal direction to the accomplishment of the President's request. The reduction should be achieved by not filling vacancies as they occur, by withholding the establishment of new positions, by shifting employees to cover vacancies which must be filled, and by giving full consideration to all possibilities for conserving and making the maximum use of our available resources.

Your plans for personnel reductions should be initiated at once and should also be set forth as a part of the financial plan required by Bureau of the Budget Circular No. A-24. That submission should include an estimate by months of the number of employees which would have been financed at previously prevailing salary scales, from appropriations and funds available. It should also include monthly employment plans necessary to meet the President's request.

If you believe the attainment of the full percentage reduction is impractical, you may present the pertinent facts, justifying this belief, for consideration of the President. The Bureau of the Budget will report to the President promptly on the response to his request.

Sincerely yours,

/s/ Maurice A. Stoen

Director

Honorable Allen W. Dulles  
Director of Central Intelligence  
Central Intelligence Agency  
Washington 25

**SECRET**  
EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
WASHINGTON 25, D. C.

AUGUST 18, 1960

Dear Mr. Dulles:

In response to your letter of August 2, 1960, regarding the President's request for personnel reductions, I fully understand that convulsions in [redacted] will require increasing efforts in the years ahead. Expansion in those areas, especially in the field of cold war operations, is essential to our national security, and I certainly favor imaginative and forthright action to this end.

25X1A

While acknowledging the need for greater activity in awakening areas, it occurs to me that there might profitably be conducted a review of activities [redacted]. For some time I have felt that appreciable reductions are possible [redacted] in particular, and I suspect that the same may be true of some other countries.

25X1

When looking at your total personnel structure, I note that the Plans Area, which is the bread and butter of your overseas operations, has more personnel in Washington than abroad. Considering that logistic and other support is provided from elsewhere in the Agency, I am wondering if NSAP headquarters is not somewhat overstaffed, and would suggest a review of the situation.

Recently we approved a separation compensation program, but your letter appears to take no cognizance of it. Since it was originally intended to have its largest impact during the current fiscal year, I would encourage further consideration of its results on your total personnel.

As to increased strength for the Photographic Intelligence Center, it would seem to me that improved coordination of this effort within the government might keep this to a minimum. I am hopeful that the Joint Study Group will look into this problem and, perhaps, shed some light on ways of improving efficiency since some duplication may exist here.

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Also, total Agency personnel strength still appears extremely high in relation to the numbers prior to the Korean war [redacted]

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In light of the above, I feel that some reconsideration of the President's wish for a 3 percent personnel reduction is merited before transmitting to the President your request for an exception to Executive branch policy. Because of the budget savings which might be generated thereby, I am returning your apportionment request for funds to pay additional costs arising from the pay act unsigned. After you have had an opportunity to study the problem further, we shall be happy to review the matter again.

Sincerely yours,

/s/ Maurice H. Stans

Director

Honorable Allen W. Dulles  
Director of Central Intelligence  
Central Intelligence Agency  
Washington 25, D. C.